Government of
Saskatchewan

2005 - 2006
Financial Statements

Saskatchewan
Learning

Saskatchewan
Correspondence School

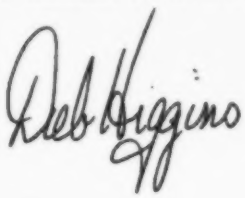
Letter of Transmittal

His Honour the Honourable Dr. Gordon Barnhart
Lieutenant Governor of Saskatchewan

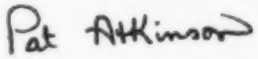
May it Please Your Honour:

We respectfully submit the Financial Statements of the Saskatchewan Correspondence School Revolving Fund for the fiscal year ending March 31, 2006.

To better enhance education in Saskatchewan, the mandate of the Department of Learning was separated in February 2006, resulting in a shared responsibility of the Minister of Learning and the Minister of Advanced Education and Employment for these financial statements.



Deb Higgins
Minister of Learning

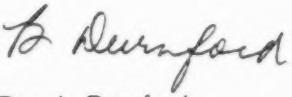


Pat Atkinson
Minister of Advanced Education
and Employment

The Honourable Deb Higgins
Minister of Learning

The Honourable Pat Atkinson
Minister of Advanced Education
and Employment

I have the honour of submitting the Financial Statements of the Saskatchewan Correspondence School Revolving Fund for the fiscal year ending March 31, 2006.



Bonnie Durnford
Deputy Minister of Learning

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund (Fund) as at March 31, 2006 and the statements of operations and accumulated operating surplus and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 6, 2006

Fred Wendel, CMA, CA
Provincial Auditor

Saskatchewan Correspondence School Revolving Fund
Balance Sheet
As At March 31

ASSETS

Current Assets	2006	2005 (Restated - Note 12)
Petty cash	$ 100	$ 225
Accounts receivable	143,577	243,009
Inventories	30,663	38,894
	174,340	282,128
Accumulated net recovery (Statement 3)	425,395	341,410
	$ 599,735	$ 623,538

LIABILITIES & EQUITY

Current Liabilities		
Accounts payable and accrued liabilities	$ 136,563	$ 195,940
Unearned revenue	347,534	376,023
	484,097	571,963
Fund Equity		
Accumulated operating surplus (Statement 2)	115,638	51,575
	$ 599,735	$ 623,538

(See accompanying notes to the financial statements)

Saskatchewan Correspondence School Revolving Fund
Statement of Operations and Accumulated Operating Surplus
For the Year Ended March 31

	2006 Budget (Note 9)	2006 Actual	2005 Actual (Restated - Note 12)
Revenue:			
Sales	$ 250,559	$ 228,281	$ 232,409
Less: Cost of goods sold	110,286	93,219	86,282
Gross profit	140,273	135,062	146,127
Tuition fees	1,135,095	1,149,029	1,210,895
Registration fees	140,525	122,160	135,260
Other revenue	4,560	2,961	2,819
Total Revenue	1,420,453	1,409,212	1,495,101
Expenses:			
Salaries	1,547,000	1,536,419	1,506,809
Postage	93,500	78,615	83,494
Office and educational	45,100	34,338	39,488
Computer support and maintenance	50,000	30,352	42,997
Telephone	24,000	19,334	22,560
Marketing fees	50,000	13,629	30,454
Advertising and printing	19,000	21,882	17,653
Amortization	17,000	-	-
Other	6,795	16,580	9,686
	1,852,395	1,751,149	1,753,141
Net loss from Operations	(431,942)	(341,937)	(258,040)
Subsidy from General Revenue Fund	406,000	406,000	435,000
Net income (loss)	$ (25,942)	64,063	176,960
Accumulated operating surplus (deficit), beginning of year		51,575	(101,385)
Adjustment to accumulated operating deficit, beginning of year (Note 12)		-	(24,000)
Adjusted accumulated operating surplus (deficit), beginning of year		51,575	(125,385)
Accumulated operating surplus, end of year - to Statement 1		$ 115,638	$ 51,575

(See accompanying notes to the financial statements)

Saskatchewan Correspondence School Revolving Fund
Statement of Changes in Accumulated Net Recovery
For the Year Ended March 31

	2006	2005 (Restated - Note 12)
Financing required for operating activities:		
Net income	$ 64,063	$ 176,960
Net decrease (increase) in working capital items related to operations (Note 6)	19,922	(87,897)
	83,985	89,063
Accumulated net recovery, beginning of year	341,410	252,347
Accumulated net recovery, end of year to Statement 1	$ 425,395	$ 341,410

(See accompanying notes to the financial statements)

Saskatchewan Correspondence School Revolving Fund
Notes to Financial Statements
March 31, 2006

1. Authority and Definition of Entity

The Saskatchewan Correspondence School Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

Effective January 1, 2006, the Correspondence School will operate under the name Technology Supported Learning. These financial statements are prepared through the Correspondence School Revolving Fund, as the legislation implementing the name change was passed after the March 31, year end. The legislation was passed on May 19, 2006.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Recovery

The accumulated net recovery of the Revolving Fund includes the aggregate of net (increases) decreases in financing requirements for all fiscal years to date.

c) Inventory

Inventory is valued at the lower of average cost and net realizable value.

d) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

e) Unearned revenue

Unearned revenue consists of tuition fees received prior to delivery of the course. These amounts are included in income when earned (e.g. course is delivered).

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 776/90 sets the maximum amount at $1,200,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Correspondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed annually.

6. Net Change in Working Capital Items Related to Operations

	2006	2005 (Restated Note 12)
Decrease in petty cash	$ (125)	$ -
(Decrease) increase in accounts receivable	(99,432)	74,845
(Decrease) increase in inventories	(8,231)	2,397
Decrease (increase) in accounts payable and accrued liabilities	59,377	(20,903)
Decrease in unearned revenue	28,489	31,558
Net (decrease) increase in working capital items	$ (19,922)	$ 87,897

7. Amount Reported in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2006	2005 (Restated – Note 12)
Net income	$ 64,063	$ 176,960
Decrease (increase) in inventory balance	8,231	(2,397)
Timing differences in recording revenues and expenses	76,785	(287,094)
Net recovery (expense) reported in Public Accounts	$ 149,079	$ (112,531)

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2006	2005 (Restated – Note 12)
Telephone (SaskTel)	$ 19,334	$ 22,560
Postage (Saskatchewan Property Management)	78,615	83,494

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

9. Budget

Treasury Board approves the Revolving Fund's budget annually. The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is $143,577 as at March 31, 2006. An allowance for doubtful accounts was not established because of the minimal record of write-offs of uncollectible accounts. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

d) Accumulated Net Recovery

The fair value of accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Presentation

Certain of the 2005 balances have been reclassified to conform to the current year's presentation.

12. Correction of Prior Year Error

Unearned revenue, accounts receivable, accounts payable and accrued liabilities, inventory and accumulated net recovery were incorrectly recorded in prior year's financial statements.

The effects of this error correction have been applied retroactively. The impact on the financial statements is as follows.

Impact on Accumulated Operating Deficit:

		2005
Accumulated operating deficit, beginning of year, as previously reported	$	(101,385)
Error correction – decrease in inventory		(24,000)
Accumulated operating deficit, beginning of year, as restated	$	(125,385)

Impact on Net Income:

		2005
Net income as previously reported	$	191,056
Error corrections:		
- decrease in accounts receivable		(65,950)
- increase in accumulated net recovery		10,406
- increase in accounts payable		(25,127)
- decrease in unearned revenue		66,575
Net income as restated	$	176,960